



August 30, 2017

The Honorable Ajit Pai, Chairman
The Honorable Mignon Clyburn, Commissioner
The Honorable Michael O’Rielly, Commissioner
The Honorable Brendan Carr, Commissioner
The Honorable Jessica Rosenworcel, Commissioner
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: *Restoring Internet Freedom, WC Docket No. 17-108*

Dear Chairman Pai and Commissioners:

The undersigned companies – a coalition of high-tech manufacturers and distributors representing a cross-section of one of America’s most vital and vibrant sectors – respectfully submit this letter in support of the Commission’s pro-innovation, pro-investment, and pro-growth agenda. The Commission’s effort to eliminate outdated regulations, streamline the process to deploy broadband infrastructure, and to restore the light touch regulatory regime governing broadband internet access, are to be applauded. In particular, we write in strong support of the proposal in the *Restoring Internet Freedom Notice of Proposed Rulemaking* to reclassify broadband as a Title I information service, a regulatory classification pursued by FCC Chairmen and Members of Congress on both sides of the political aisle for the past two decades until the 2015 *Title II Order*.

As you consider whether to return the classification of broadband internet access to a lightly regulated information service or to maintain the utility-style Title II classification, we urge you to consider this fundamental truth – reducing regulations and other barriers that raise costs and slow infrastructure deployment drastically improves the business case for deploying next-generation wireline and wireless broadband infrastructure. This proceeding is not a debate about whether to have an open internet; it is a question of what regulatory regime can achieve internet openness while also maintaining the incentives for investment that have made America’s broadband networks the envy of the world. Thus, reaffirming that broadband internet access is

properly classified as an information service should not be viewed as an effort to undo net neutrality. Rather, it is an action to reduce regulation and lower costs to incentivize investment.

We support an open internet enabling the free flow of information and commerce that drives our economy, because we provide the technology and equipment necessary to build the networks over which that data traverses, and the devices that consumers and businesses rely on to access and use that information. We also support policies that encourage innovation and investment in infrastructure and high-tech equipment that creates high-paying manufacturing jobs. Prior to the 2015 *Title II Order*, the FCC had ensured both – an open internet and an investment incentivizing broadband regulatory regime. There was no reason to upset one of the greatest success stories of the modern economy and we urge the Commission to return to the proven bipartisan approach that preceded the *Title II Order*.

One need look no further than a comparison of the U.S. and European Union to understand why returning to a light-touch regulatory approach is necessary. While the EU has historically regulated the internet in a restrictive, Title II-like fashion, in the U.S. internet investment and deployment contemporaneously flourished pre-Title II. The U.S. experienced per capita broadband investment doubling that in the EU from 2002-2013; the U.S. fostered a market where 84% of households now have a choice of two or more wired broadband providers (compared to 43% in Europe), and 99% of households now have access to LTE mobile broadband (compared with 86% of EU households).¹ Markets are given their fundamental form by the rules governing them, and the U.S. market, pre-Title II, experienced far greater success than the EU's.

The exact impact on investment of any regulation is difficult to quantify, but the light-touch regulatory approach to broadband in the U.S. has been an unqualified success. Several studies have suggested that the *Title II Order* has directly reduced overall broadband capex spending and one study has shown that since the possibility of reclassification was first introduced in 2010, investment has consistently been at least twenty percent below what it otherwise would have been.² While broadband investment has not come to a screeching halt since the *Title II Order* was adopted, there is no debate that utility-style regulation increases costs on companies which has the effect of reducing the total potential investment in broadband infrastructure. Broadband providers facing reduced regulation and lower costs invest more. Period. Removing utility regulation from this highly competitive sector will free up even greater investment.

In an increasingly interconnected world, the effects of depressed infrastructure investment extends to many adjacent sectors – connectivity-driving high-tech manufacturing most of all. Our companies build the networks and the devices that consumers use to access

¹ *Utility Regulation and Broadband Network: The EU and US Divide*, USTelecom (May 25, 2017), <https://www.ustelecom.org/news/press-release/utility-regulation-and-broadband-network-investment-eu-and-us-divide>.

² See Dr. George S. Ford, *Reclassification and Investment: A Statistical Look at the 2016 Data*, Phoenix Center for Advanced Legal and Economic Public Policy Studies (July 3, 2017), <http://www.phoenix-center.org/perspectives/Perspective17-08Final.pdf>.

networks; any reductions in investment in infrastructure means reductions in jobs for those who build the networks and the devices that connect to them. Our companies are the businesses and production floors that *use* the network to drive American manufacturing into the 21st century; hamper investment in the network, and our ability to build is hampered. Even five years ago, manufacturing already accounted for approximately 16 percent of global GDP and 14 percent of [global] employment” – and the high-tech industry contributed \$7.1 trillion to U.S. output in 2014 alone, per the Bureau of Labor Statistics’ most recent report (projected rise by \$2.4 trillion by 2024).³ But if the U.S. is to stay competitive in high-tech manufacturing, it cannot afford to hamstring its companies in the global marketplace.⁴

Broadband providers need to know that they can innovate, invest, and operate their networks without the constant overhang of utility regulations that would allow the government to second-guess their decisions or micromanage their businesses. Ultimately, Congress should put an end to this debate once and for all, but in the meantime, FCC leadership is essential to restore the best possible regulatory environment for investment. As the Vice President recently pointed out, “[f]or America to be prosperous, for America to be secure, American manufacturing must be strong”⁵ – and for the future of American manufacturing, for high-tech manufacturing, to be strong, market freedom, and not taxing outdated regulations, must reign.

Sincerely,

ADTRAN, Inc.
Alticast
ARRIS
Blonder Tongue
Cisco Systems, Inc.
CommScope Network
Solutions

Corning Incorporated
Ericsson Inc.
Infinera
Juniper Networks, Inc.
KGPCo

Nokia Inc.
Panasonic Corporation of
North America
Qualcomm
Walker and Associates

³ Michael Wolf and Dalton Terrell, *The High-Tech Industry, What Is It and Why It Matters to our Economic Future*, Bureau of Labor Statistics (May 2016), <https://www.bls.gov/opub/btn/volume-5/pdf/the-high-tech-industry-what-is-it-and-why-it-matters-to-our-economic-future.pdf>

⁴ Cf. *Economic Watch*: “Made in China 2025” Sees China’s Economy Upgrade, Xinhua (June 13, 2017, 3:59 PM), http://news.xinhuanet.com/english/2017-06/13/c_136362260.htm (noting the “‘Made in China 2025’ strategy, a roadmap released by the State Council in 2015 to guide the country’s advanced industrial manufacturing, has seen steady progress in industrial capability [and] smart manufacturing”).

⁵ Remarks by Vice President Pence at the National Association of Manufacturers Summit, White House (June 20, 2017, 12:05 PM), <https://www.whitehouse.gov/the-press-office/2017/06/20/remarks-vice-president-pence-national-association-manufacturers-summit>; see also *President Trump Announces Manufacturing Jobs Initiatives*, White House (Jan. 27, 2017), <https://www.whitehouse.gov/the-press-office/2017/01/27/president-trump-announces-manufacturing-jobs-initiative> (“President Trump announced today that as part of his overall job creation agenda he will launch a Manufacturing Jobs Initiative.”).